

DRAFT Policy Brief on Highway Capacity and Induced Travel

Susan Handy, University of California, Davis
Marlon G. Boarnet, University of Southern California

Policy Description

Because stop-and-go traffic reduces fuel efficiency and increases greenhouse gas (GHG) emissions, strategies to reduce traffic congestion are sometimes proposed as effective ways to also reduce GHG emissions. Although transportation system management (TSM) strategies are one approach to alleviating traffic congestion,¹ traffic congestion has traditionally been addressed through the expansion of roadway vehicle capacity, defined as the maximum possible number of vehicles passing a point on the roadway per hour. Capacity expansion can take the form of the construction of entirely new roadways, the addition of lanes to existing roadways, or the upgrade of existing highways to controlled-access freeways.

One concern with this strategy is that the additional capacity may lead to additional vehicle travel. The basic economic principles of supply and demand explain this phenomenon: adding capacity decreases travel time, in effect lowering the “price” of driving; when prices go down, the quantity of driving goes up (Noland and Lem, 2002). An increase in vehicle miles traveled (VMT) attributable to increases in capacity is called “induced travel.” Any induced travel that occurs reduces the effectiveness of capacity expansion as a strategy for alleviating traffic congestion and offsets any reductions in GHG emissions that would result from reduced congestion. If the percentage increase in VMT matches the percentage increase in capacity, congestion (a function of the ratio of VMT to capacity) is not alleviated at all.

Conversely, some communities have decreased roadway capacity, in part motivated by the goal of reducing VMT. While temporary reductions in highway capacity are common (e.g. through the closure of lanes for construction or emergencies), permanent reductions are relatively rare. San Francisco eventually removed two elevated freeway segments damaged in the 1989 Loma Prieta earthquake, replacing them with street-level boulevards. Many European cities have closed selected streets in their commercial cores to car traffic. This strategy is less common in U.S. cities, but one notable example is the recent elimination of vehicle traffic in Times Square in New York City. Increasingly common in the U.S. are “road diet” projects that re-allocate a portion

¹ See the separate policy brief on traffic incident clearance programs:
<http://arb.ca.gov/cc/sb375/policies/policies.htm>

of the public right-of-way for modes other than cars, though such projects do not necessarily decrease the capacity of the roadway as measured by vehicle throughput.

Impacts of Highway Capacity Expansion

Increased highway capacity can lead to increased VMT in the short run in several ways: if people shift from other modes to driving, if drivers make longer trips (by choosing longer routes and/or more distant destinations), or if drivers make more frequent trips (Noland and Lem, 2002; Gorham, 2009; Litman, 2010). Longer-term effects may also occur if households and businesses move to more distant locations or if development patterns become more dispersed in response to the capacity increase. Capacity expansion can lead to increases in commercial traffic as well as passenger travel (Duranton and Turner, 2011).

The induced-travel impact of capacity expansion is generally measured with respect to the change in VMT that results from an increase in lane miles, determined by the length of a road segment and its number of lanes (e.g. a two mile segment of a four-lane highway equates to eight lane miles). Effect sizes are usually presented as the ratio of the percent change in VMT associated with a one percent change in lane miles. The expectation is that this ratio, also called an “elasticity,” will be positive: an increase in lane miles will lead to an increase in VMT. An elasticity of 1 or greater means that the new capacity is entirely filled by additional VMT, producing no reduction in congestion or GHG emissions; for elasticities between 0 and 1, the closer the elasticity is to zero, the smaller the increase in VMT relative to the increase in capacity, and thus the greater the reduction in congestion and GHG emissions.

Impacts are also sometimes measured as the change in VMT associated with the change in travel time (that results from the change in highway capacity). Many studies analyze the change in the number of vehicles per day on that road segment (a metric called “average daily traffic”). No studies focused on travel time or average daily traffic are included here.

Effect Size

Studies consistently show that increased capacity induces additional VMT. Elasticity estimates of the short-run effect of increased highway capacity range from 0.3 to 0.6, though one study produced a lower estimate of 0.1 (Table 1). Estimates of the long-run effect of increased highway capacity are considerably higher, mostly falling into the range from 0.6 to just over 1.0. The more recent studies have produced the highest

estimates of long-run elasticities using more sophisticated methodologies that are better able to illuminate the impact of highway capacity on VMT (as discussed in the accompanying Technical Memorandum). Thus, the best estimate for the long-run effect of highway capacity on VMT is an elasticity close to 1.0, implying that in congested metropolitan areas, adding new capacity to the existing system of limited-access highways is unlikely to reduce congestion or associated GHG in the long-run.

Table 1. Impact of Capacity Expansion on VMT

| Study | Study location | Study year(s) | Results | |
|---------------------------|----------------|---------------|--|--------------------------------|
| | | | Change in VMT/ change in lane miles | Time period |
| Duranton and Turner, 2011 | U.S. | 1983 - 2003 | 1.03 | 10 years |
| Cervero, 2003 | California | 1980 - 1994 | 0.10 | Short term |
| | | | 0.39 | Long term |
| Cervero and Hansen, 2002 | California | 1976 - 1997 | 0.59 | Short term (1 year) |
| | | | 0.79 | Intermediate term (5 years) |
| Noland, 2001 | U.S. | 1984 - 1996 | 0.30 to 0.60 | Short term |
| | | | 0.70 to 1.00 | Long term |
| Noland and Cowart, 2000 | U.S. | 1982 - 1996 | 0.28 | Short term |
| | | | 0.90 | Long term |
| Hansen and Huang, 1997 | California | 1973 - 1990 | 0.20 | Short term |
| | | | 0.60 to 0.70 | Long term – counties |
| | | | 0.90 | Long term – metro areas |

Even the earlier studies were skeptical about the potential of capacity expansion to reduce VMT, particularly in the long-run. In 1997, Hansen and Huang found that population growth is the most consistent contributor to VMT growth, but that the contribution from increases in lane miles is significant: "...Our results suggest that the urban [state highway lane miles] added since 1970 have, on the whole, yielded little in the way of level of service improvements." Noland (2001) concluded that "Increased capacity clearly increases vehicle miles of travel beyond any short run congestion relief that may be obtained." More recently, Duranton and Turner (2011) echoed these earlier studies: "We conclude that increased provision of roads... is unlikely to relieve congestion."

The effect size appears to depend on the size (whether in terms of population or geographic extent) of the metropolitan area. On a percentage basis, the effects are larger for smaller areas (Schiffer, et al. 2005), likely for a number of reasons. In smaller areas, capacity increases are likely to represent larger percentage increases in total capacity, which then produce larger percentage increases in VMT (Noland and Cowart, 2000). Note that the amount (rather than the percentage) of induced travel is likely to be greater in larger areas than in smaller areas (Hansen and Huang, 1997).

Other factors may also influence the effect size. As noted above, the effect is larger in the long-run than in the short-run, with one study concluding that the full impact of capacity expansion on VMT materializes within five years (Hansen and Huang, 1997) and another concluding that the full effect takes as long as ten years (Duranton and Turner, 2011). The level of congestion is important, as capacity expansion will produce a larger reduction in travel time and thus a larger increase in VMT when congestion is high than when it is low and driving speeds are unconstrained (Schiffer, et al. 2005). In addition, the effect size may depend on fuel prices: when fuel prices are lower, the induced travel effects of expanded capacity tend to be higher, as travel time is a greater share of the cost of travel in this situation (Noland and Lem, 2002). Whether the form of capacity expansion (i.e. new roads or expanded roads) matters is not clear (Schiffer, et al., 2005).

An important question is whether increased VMT on highways following capacity expansion is partially offset by decreases in VMT on other roads. This would be the case if drivers shifted from slower and more congested roads to the new or newly expanded highways. However, Hansen and Huang (1997) found “no conclusive evidence that increases in state highway lane-miles have affected traffic on other roads,” while more recently Duranton and Turner (2011) concluded that “increasing lane kilometers for one type of road diverts little traffic from other types of road.” In other words, capacity expansion leads to a net increase in VMT, not simply a shifting of VMT from one road to another.

Another important question is whether increased highway capacity impacts public transit ridership, or vice versa. The potential interactions are complex. Increased highway capacity could lead public transit riders to shift to driving, thereby contributing to the induced travel effect. Conversely, increased public transit service could entice drivers to replace some driving with public transit, thereby reducing highway traffic and in effect freeing up additional capacity that could then lead to induced traffic. Duranton and Turner (2011) found no evidence that public transit service affects VMT, suggesting that whatever interactions do occur tend to cancel each other out. In other words, adding

transit capacity does not help to reduce congestion, as any freed up capacity is consumed by additional driving.

As noted, some communities have decreased roadway capacity, in part motivated by the goal of reducing VMT. Evidence on the effects of roadway removals or capacity decreases is sparse, however. A 1998 study of 60 locations where road space was taken away from cars in the UK, Canada, Tasmania, and Japan found that, on average, 25 percent of VMT seemed to go away, though the effect size varied widely (Goodwin, et al. 1998). A study of a fourteen-month closure of an important bridge in Calgary, Canada found only a small reduction in trips and little change in behavior with respect to mode (Hunt et al., 2001). Researchers also found limited changes in behavior during the temporary closing for construction of a stretch of Interstate 5 through downtown Sacramento in 2008 (Ye et al., 2012). Studies of the removal of the Central Freeway in San Francisco documented a significant drop in traffic: counts on the boulevard that replaced the freeway were roughly 50 percent less than counts on the freeway (Cervero et al., 2009). Effects on VMT rather than traffic counts have not been assessed.

Evidence Quality

The quality of the evidence linking highway capacity expansion to VMT increases is relatively high, although tying changes in VMT to changes in capacity is challenging. The cited studies use time-series data and sophisticated econometric techniques to estimate the effect size. These studies control for other factors that might also affect VMT, including population growth, increases in income, other demographic effects, and changes in transit service (Noland and Lem, 2002).

Although these studies show a strong correlation between capacity increases and increases in VMT, the direction of causality is an important question in that the anticipation of growth in VMT is generally the rationale for capacity expansion. One study showed that a 10 percent increase in VMT is associated with a 3.3 percent increase in lane-miles (Cervero and Hansen, 2002). However, Fulton, et al. (2000) found that growth in lane-miles precedes growth in VMT, and Duranton and Turner (2011) concluded that “roads are assigned to [metropolitan areas] with little or no regard for the prevailing level of traffic.” The cited studies have found a significant influence of capacity expansion on VMT even after accounting for the reverse effect.

Caveats

Many of the studies focus on California, and the results for these studies are similar to those for the national studies, suggesting that the effects are relatively uniform across

the U.S. However, as noted above, the effect size may depend on size of the metropolitan area, existing levels of congestion, and fuel prices, and it is likely to be higher in the long run than in the short run.

GHG Emissions

The effect of capacity expansion on GHG emissions depends on two competing effects: the increase in VMT (which increases GHG emissions), and the reduction in traffic congestion (which tends to decrease GHG emissions). As noted above, any induced travel that occurs reduces the effectiveness of capacity expansion as a strategy for alleviating traffic congestion and offsets any reductions in GHG emissions that would result from improved traffic flow. Noland (2001) predicted that the growth in VMT attributable to increased lane miles would produce an additional 43 million metric tons of CO₂ emissions in 2012 nationwide. Conversely, any reductions in VMT resulting from reductions in capacity will reduce GHG emissions, though if traffic congestion increases as a result of the capacity reduction, the benefits will be offset to some degree.

Co-benefits

Given the induced travel effect, capacity expansion has limited potential as a strategy for reducing congestion. The additional vehicle travel induced by capacity expansion increases GHG emissions as well as other environmental effects, including increased air, water, and noise pollution. On the other hand, capacity expansion potentially generates economic and social benefits, at least in the short run, even if the new capacity is completely filled by induced travel. The additional benefits derive from the fact that the expanded highway is carrying more people, each of whom benefits from his or her travel. However, most studies of the impact of capacity expansion on development in a metropolitan region find no net increase in employment or other economic activity, though highway investments do influence where within a region development occurs (Handy, 2005; Funderberg et al., 2010).

In addition, the construction process itself generates both positive and negative effects. Most obviously, highway construction projects create jobs that can boost the local economy. On the other hand, highway construction projects often have substantial negative effects on the communities through which they are sited, particularly if construction necessitates the removal of homes or businesses. Historically, low-income and/or minority communities were and continue to be disproportionately affected by such projects.

In contrast, reductions in road capacity tend to produce positive social and environmental effects, and they can also generate economic benefits. For example, many cities in Europe have adopted the strategy of closing streets in the central business district to vehicle traffic as an approach to economic revitalization (Hajdu, 1988; Rodriguez, 2011). Road diet projects are becoming increasingly popular in California and elsewhere in the U.S. as a way to support modes other than driving and enhance the local environment, though their economic impacts have not yet been systematically documented.

Examples

California continues to expand its highway system, though at a far slower rate than during the era of interstate highway construction. According to the national Bureau of Transportation Statistics, California had 31,435 miles of freeways, highways, and arterial roadways in 2010, a 1.6 percent increase from 2005.

As noted above, San Francisco removed two segments of elevated freeway damaged in the 1989 Loma Prieta earthquake. The Central Freeway was replaced with Octavia Boulevard, while the removal of the Embarcadero Freeway enabled substantial improvements to the at-grade Embarcadero Boulevard. Both projects sparked an on-going revitalization of their surrounding areas (Cervero, et al. 2009).

The strategy of closing central business district streets to car traffic is uncommon in California but not unknown. Cities in California that have or have had “pedestrian malls” include Burbank, Oxnard, Pomona, Redding, Redlands, Sacramento, and Santa Cruz. The Fulton Mall in downtown Fresno, closed to traffic in the 1960s, has struggled, despite several revitalization efforts. In contrast, Santa Monica’s Third Street Promenade, closed to traffic in the 1960s, is widely seen as a success in promoting economic activity and creating a thriving community core.

Suggested Further Reading

- Cairns, S., C. Hass-Clau, and P.B. Goodwin. (1998). *Traffic Impact of Highway Capacity Reductions: Assessment of the Evidence*. Landor Publishing: London.
- Cervero, R. (2002). Induced Travel Demand: Research Design, Empirical Evidence, and Normative Policies. *Journal of Planning Literature* 17, 3-20.
- Cervero, R. (2003). Road Expansion, Urban Growth, and Induced Travel: A Path Analysis. *Journal of the American Planning Association* 69(2), 145-163.

- Cervero, R. and M. Hansen. (2002). Induced Travel Demand and Induced Road Investment: A Simultaneous Equation Analysis. *Journal of Transport Economics and Policy* 36(3), 469-490.
- Cervero, R., J. Kang, and K. Shively. (2009). From Elevated Freeways to Surface Boulevards: Neighborhood and Housing Price Impacts in San Francisco. *Journal of Urbanism* 2(1), 31-50.
- DeCorla-Souza, P. and H. Cohen. (1999). Estimating Induced Travel for Evaluation of Metropolitan Highway Expansion. *Transportation* 26, 249-262.
- Duranton, G. and M.A. Turner. (2011). The Fundamental Law of Road Congestion: Evidence from US Cities. *American Economic Review* 101, 2616-2652.
- Funderburg, R., H. Nixon, M. Boarnet, and G. Ferguson. (2010). New Highways and Land Use Change: Results From a Quasi-Experimental Research Design. *Transportation Research A*, 44(2): 76-98.
- Fulton, L.M., R. B. Noland, D.J. Meszler, J.F. Thomas. 2000. A Statistical Analysis of Induced Travel Effects in the U.S. Mid-Atlantic Region. *Journal of Transportation and Statistics* 3(1): 1-14.
- Goodwin, P.B., C. Hass-Klau and S. Cairns. (1998). Evidence of the effects of road capacity reduction on traffic levels. *Traffic Engineering and Control* 39(6), 348 - 354.
- Gorham, R. (2009). Demystifying Induced Travel Demand. Sustainable Urban Transport Document #1. Transport Policy Advisory Services on behalf of the Federal Ministry of Economic Cooperation and Development, Bonn, Germany. Available: <http://www.cleanairinstitute.org/cops/bd/file/gdt/49-GTZ-SUT-TD-ITD10.pdf>
- Handy, S. (2005). Smart Growth and the Transportation-Land Use Connection: What Does the Research Tell Us? *International Regional Science Review* 28 (2): 1-22.
- Hajdu, J.C. (1988). Pedestrian Malls in West Germany: Perceptions of their Role and Stages in their Development. *Journal of the American Planning Association* 54(3). 325-335.
- Hansen, M. and Y. Huang. (1997). Road Supply and Traffic in California Urban Areas. *Transportation Research A* 31(3), 205-218.
- Hunt, J.D., A.T. Brownlee, and K.J. Stefan. (2002). Responses to the Centre Street Bridge Closure: Where the “Disappearing” Travelers Went. *Transportation Research Record* 1807, 51-58.
- Litman, T. (2010). Generated Traffic and Induced Travel: Implications for Transport Planning. Victoria Transport Policy Institute. Available: <http://www.vtpi.org/gentraf.pdf>
- Noland, R.B. and L.L. Lem. (2002). A review of the evidence for induced travel and changes in transportation and environmental policy in the US and the UK. *Transportation Research D* 7, 1-26.
- Noland, R.B. and W.A. Cowart. (2000). Analysis of Metropolitan Highway Capacity and the Growth in Vehicle Miles of Travel. *Transportation* 27, 363-390.

- Rodriguez, L. (2011). Pedestrian-Only Shopping Streets Make Communities More Livable. Planetizen. Available: <http://www.planetizen.com/node/47517>
- Ye, L, P.L. Mokhtarian and G. Circella. (2012). Commuter impacts and behavior changes during a temporary freeway closure: the 'Fix I-5' project in Sacramento, California. *Transportation Planning and Technology* 35(3), 341-371.

DRAFT